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**GREB INDUSTRIES LIMITED / ANNUAL REPORT 1969**









## ANNUAL MEETING

The annual meeting of shareholders will be held at the head office of the Company, 51 Ardelt Avenue, Kitchener, Ontario, at 3:00 p.m. E.S.T. on April 9, 1970.

## CONTENTS

	Page
Highlights of the Year .....	2
President's Report .....	3
Marketing Progress .....	4
Financial Statements .....	6
Auditors' Report .....	10
Eight Year Operating and Financial Review .....	11
Manufacturing and Organizational Progress .....	12
Advertising .....	14
Public Relations .....	15
Sales Promotion .....	16

### Officers

Harry D. Greb,  
*President*

Charles E. Greb,  
*Executive Vice-President*

John D. Campbell,  
*Vice-President, Marketing*

Ross E. Hahn,  
*Vice-President, Manufacturing*

Arnold C. Austen, C.A.,  
*Vice-President, Finance*

Arthur C. Greb,  
*Secretary*

George A. Klugman,  
*Treasurer*

### Directors

Arnold C. Austen, C.A.

John D. Campbell

Arthur C. Greb

Charles E. Greb

Harry D. Greb

Ross E. Hahn

Roland A. Harris, O.B.E.

John B. Hawson

David C. H. Stanley

### Head Office

51 Ardelt Avenue,  
Kitchener, Ontario

### Transfer Agent & Registrar

Canada Permanent Trust Company

### Auditors

Thorne, Gunn, Helliwell & Christenson

## HIGHLIGHTS OF THE YEAR

	<u>1969</u>	<u>1968</u>
<b>Operating Results — Fiscal Years Ended</b>	<b>November 1</b>	<b>November 2</b>
Net income .....	\$ 464,766	\$ 667,130
Per share — Class C and common .....	.65	.95
Dividends declared — Class C and common .....	291,941	291,941
Per share (i) .....	.48	.48
 <b>Financial Position — At year ends</b>		
Working Capital .....	\$4,363,573	\$3,330,529
Current ratio .....	1.55	1.45
Shareholders' equity — Class C and common .....	4,801,050	4,742,132
Per share .....	7.12	7.04
 <b>Other Data — At year ends</b>		
Number of shares outstanding — Class C and common .....	673,835	673,835

(i) Stock dividends declared on the Class C shares are equivalent to the cash dividends declared on the common shares after consideration of the 15% tax paid by the Company on undistributed income.



## TO OUR SHAREHOLDERS

### A SUMMARY OF 1969 ACCOMPLISHMENTS

The fiscal year ended November 1, 1969, our fourth year as a public company, produced further growth in our marketing activities but reduced earnings. Although net sales increased 9% over the previous year, to another record level, earnings were substantially down due to higher operating costs.

Your Company's net income, after both current and deferred income taxes, in the 1969 fiscal year amounted to \$464,766, a decrease of \$202,364 or 30.3% from the previous year. The net income before corporation taxes was down \$445,965 or 31.9% from the previous year.

Net earnings per Class C and common share for 1969 were 65¢, after provision for preference share dividends, compared with 95¢ in the previous year.

Funds generated from operations last year amounted to \$890,808, which combined with the proceeds from sale of our Series C debenture, increased our working capital position at year end by approximately \$1,030,000.

Net investment in plant, machinery and equipment during the year amounted to \$731,000 of which \$174,000 was invested in land and buildings, \$397,000 in manufacturing machinery, dies and lasts and \$160,000 in transportation, warehouse and office equipment. The purchase in October 1969 of a 35,000 square foot single-storey warehouse building situated on a five acre site at Hayward Avenue in Kitchener accounted for the major portion of the total real estate investment in the year. These premises, which we had previously leased for two years, accommodate the finished goods warehousing and shipping activities for our Bauer products.

Collins Safety Shoes Limited, a mobile distributor of safety footwear which your Company purchased in June 1969, achieved both a sales and profit increase for their fiscal year ended July 31, 1969, compared with the previous year. Their fiscal year

end was subsequently changed to coincide with our other companies and their operations — a small portion of total Company operations — were considered satisfactory during this three month period.

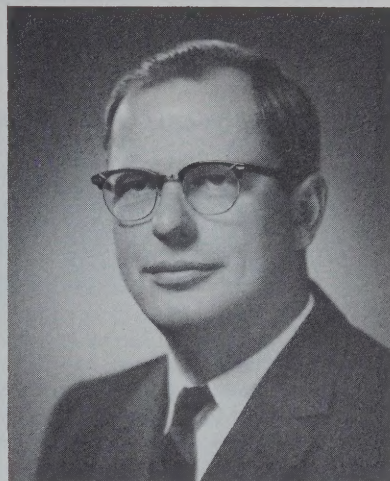
Although both the Greb and Bauer product lines secured sales increases in 1969, with the Bauer line being particularly strong, we were unable to attain a satisfactory profit level due mainly to the rapid rate of inflation in all of our operating costs.

We have accelerated our efforts on a cost reduction program and tight budgetary control over all expenditures and are confident that we can reduce this adverse pressure on Company profits during the course of the current year.

The sizable reduction in net earnings for 1969 required the Company to consolidate its financial position with the result that your Board of Directors reduced the regular 12¢ quarterly dividend to 6¢ per Class C and common share, payable March 13, 1970, to shareholders of record on February 27.

Elsewhere in this report you will find a more detailed review of the year and comments on significant developments in our major operating areas.

We are grateful for the loyalty and support during the past year of our management team, employees, customers, suppliers and shareholders.



A handwritten signature in dark ink, appearing to read 'Harry D. Greb'.

Kitchener, Ontario  
February 27, 1970

HARRY D. GREB  
President

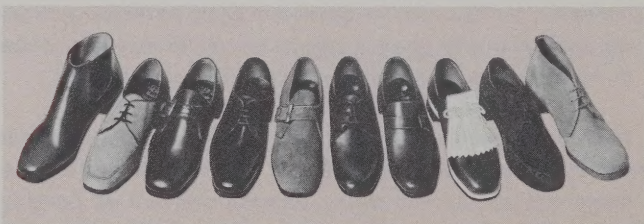


## MARKETING PROGRESS — 1969



### HUSH PUPPIES

Sales of "Hush Puppies", the Company's principal footwear line, achieved the same high performance recorded last year. ("Hush Puppies" are manufactured exclusively by Greb in Canada under licence from Wolverine World Wide, Inc., of Rockford, Michigan.) It had been recognized before the beginning of this year that sales volume of "Hush Puppies" was stabilizing at a level in excess of one million pairs annually, following the most remarkable sales performance ever recorded by a footwear brand in Canada, and that the comfort-casual trend in living, which had been closely attuned to "Hush Puppies", was being modified by greater emphasis on fashion and color. As a result, the '69 line of "Hush Puppies" for men and ladies was made up of the largest selection of contemporary styles and colors in the ten-year history of "Hush



Puppies" by Greb, and promoted by the most extensive advertising campaign yet undertaken; it is believed that at least some of the impressions created among consumers will have a long-term effect. However, it became apparent during '69 that extending the choice of styles and colors for "Hush Puppies" put unusual strain on both the Canadian shoe retailing system and our own manufacturing and distribution facilities; corrective measures were taken for the 1970 style year, by a continuing program of selective reduction in styles and colors during the main selling periods. Nevertheless, "Hush Puppies" in Spring '70 will feature approximately 52 models in 16 colors for men and boys, and 66 models in 31 colors for ladies and misses. When rising costs could no longer be absorbed, a general price increase was instituted in July '69; however, this affected only 16 percent of the year's total shipments.



### BAUER

This Division — which manufactures both boots and blades for a complete line of hockey, figure and speed skates, as well

as roller skates, baseball, football, soccer and jogging shoes — produced excellent results. This vigorous growth reflects, to some extent, the widening acceptance of Bauer skates among NHL players (close to 50% of them wear our "Supreme 91" or "Defenseman's Special" models). During the year, both of these top models were given a distinctive styling feature: a white panel bearing the Bauer trademark in black was inserted in the outside quarter of the boot, making these skates readily identifiable in advertising, in the stores, on the players, on television and in sports photos. It is expected that the sales momentum for Bauer skates will continue strong in the coming year. Sales increases were also registered for the extensively redesigned line of Bauer athletic shoes, particularly the lightweight Bauer "Diamond Line" baseball shoes. This line is being introduced to the U.S. market with promising results. A line of hockey sticks was test-marketed in both Canada and the U.S. during the latter half of the '69-'70 hockey season by Bauer for the first time.

### KODIAK

The vulcanized-sole category of the "Kodiak" work and sport boot line continued steady growth during '69, whereas Goodyear-welt boots declined in volume. Both trends have been predicted for some time and are likely to continue. Sales of the "Kodiak" waterproof sports boot to the United States showed a marked increase, and shipments of "combat" boots to the Canadian Armed Forces were up. The declining market for regular work boots, particularly the Goodyear-welt type, has been caused by the emphasis which many industries are now putting on safety footwear (note sales increase of Greb safety footwear), as well as greater competition from imported footwear.



### SAFETY FOOTWEAR

The year under review was marked by the acquisition of Collins Safety Shoes Limited of Peterborough, Ontario on June 18, 1969. This company specializes in the distribution of safety footwear, clothing and devices, to Canadian plants and industrial workers from a fleet of mobile "stores" covering territories from Quebec City to Regina. It is continuing to operate as a separate division under the presidency of its founder, Mr. Clare Collins. The company has been a major retailer of Greb safety footwear during its 15 years of operation, and is considered a promising area for sales expansion. In addition, the safety footwear marketing section of Greb Shoes Limited, now in its second year as a separate entity within the Marketing division, recorded another substantial sales increase. This is credited to the active development of particular styles in response to industry demand, as well as the growing emphasis on accident prevention in industry, notably in factories where the wearing of safety footwear is now a condition of employment.





### ACME

A strong sales gain was recorded for footwear under the "Acme" brand name during '69. Under the influence of "dressier" styling at the top end of the "Acme" line, sales in Western Canada continued to climb. In the east, upward sales movement suggested that the anticipated demand, by both the new horse-owning groups and the leisure-living groups, was materializing. "Acme" boots are manufactured in Canada exclusively by Greb under agreement with Acme Boot Company, Inc., of Clarkesville, Tenn. Price increases introduced in July '69 affected most "Acme" styles. Two models of the new "Dingo" style were introduced; their broad toes, flat heels, plain shafts and instep strap-and-buckle are in contrast to the familiar "western" look, and they are expected to fill a growing demand by men for plainer, stylish fall and winter indoor-outdoor boots in the \$31.95 retail price range. In the Fall of '69, two styles of dress boots for men, bearing the "Dingo" trade name, were added to the "Acme" line at a retail price of \$18.95.



### MOHICANS

Originally a man's slip-on shoe of genuine moccasin construction and handsewn vamp, Greb "Mohicans" have evolved over the past two years into an extensive range of fashionable semi-dress shoes for ladies and men. The metallic "hardware look" prevalent in '69 was responsible for a doubling of "Mohicans" sales over the previous year; this strength was particularly evident among ladies styles. "Mohicans" advertising was, for the first time, incorporated with "Hush Puppies" advertising with marked success. In the coming year, the "Mohicans" brand will be represented by ten shoe and boot styles in eight colors for men, at retail prices ranging from \$16.95 to \$24.95; and 20 styles in 12 colors for ladies at retail prices ranging from \$12.95 to \$19.95.

### MUKLUK

During '69, the third year of MUKLUK marketing, sales volume remained at approximately the level attained the previous year. Of the ten styles in the MUKLUK line for fall-winter '69, four were new designs, two of them styled for the more rugged

requirements of snowmobilers, with matching gauntlet mitts. Although the MUKLUK line has not made a major contribution to Company sales, these products have provided a source of publicity reflecting favorably on the Company as an innovator of contemporary styling indigenous to this country.

### MONTEVERDE AND TYROLEAN

The Company shared in the booming ski-boot business with its "Monteverde" line of medium-priced boots imported from Italy. Sales expansion in '69 was rapid and firmly based, and the outlook here is most encouraging. Sales volume for "Tyroleans" — a line of top-quality Italian boots for outdoorsmen and women, and mountaineers — remained at the previous year's modest level. Both brands help to establish Greb's position in the growing leisure sector of the market.

### CANVAS FOOTWEAR

Although sales in the four lines of Japanese canvas-and-rubber footwear reached our projected target for '69, future prospects in this area are no longer bright. Our immediate policy is one of retrenchment until the frantically competitive, confused situation internationally is clarified.

### RUBBER FOOTWEAR

In sharp contrast to the canvas situation, our second year of experience with this line of vulcanized rubber footwear, imported from Japan and marketed exclusively under the Greb "Kodiak" or MUKLUK labels, has been re-assuring as sales rose above estimates. The outlook for '70 is also encouraging. In addition to 12 styles for men, ladies and boys, ranging in retail price from \$8.98 to \$17.98, a line of snowmobile boots with nylon tops and felt liners has been added.

### DESIGN CENTRE

The activities of the Design Department were placed within the Marketing Division in 1969 to ensure close liaison between the consuming public and the creators of Greb styles. As the pace and proliferation of fashion increases in both men's and ladies' styling, and as Greb styling adjusts to meet this market demand, more emphasis is being placed on the creative output of the Design Department. Most of the work for "Hush Puppies" and "Mohicans" designs sold in '69 was carried out during the previous year, and this Department's '69 contribution will reach consumers in Spring '70.

### TRANSPORTATION

The Greb transport fleet, which came under the jurisdiction of the Marketing Division in 1969, was enlarged during the year; it now includes three tractors, five trailers and two trucks. Thus the fleet's carrying capacity was profitably increased and by year's end it is estimated that shipments to and from Winnipeg, and shipments to North Tonawanda, N.Y., and Brattleboro, Vermont, were up 50%, compared with the previous year. The trailers, which regularly travel the busiest highways, have a secondary value as mobile advertisements for Greb products.

### BAUER HAYWARD AVE. WAREHOUSE

Located a few blocks from the Administration Centre in Kitchener, the Bauer warehouse on Hayward Avenue was purchased in October '69 following two years of leasing. The one-storey building's 35,000 square feet have accommodated the rapidly expanding finished goods warehousing and shipping requirements of the Bauer Division, and the five acres of land included in the property provide for future expansion.



## GREB INDUSTRIES LIMITED AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENT OF INCOME

Year ended November 1, 1969

(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Income before undernoted items .....	\$1,768,422	\$2,047,097
Aggregate direct remuneration of directors and senior officers (as defined by The Corporations Act of Ontario) .....	185,760	187,667
Depreciation .....	388,577	315,205
Interest on long term debt .....	146,576	111,970
Cost of Series C debenture issue .....	51,875	
Other expenses — not regular operating costs .....	45,002	35,658
	<u>817,790</u>	<u>650,500</u>
Income before income taxes .....	950,632	1,396,597
Income taxes (note 3)		
Current .....	448,401	674,987
Deferred .....	37,465	54,480
	<u>485,866</u>	<u>729,467</u>
Net income for the year .....	<u>\$ 464,766</u>	<u>\$ 667,130</u>

Net sales for the year ended November 1, 1969 increased 9% over the year ended November 2, 1968.

### CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year Ended November 1, 1969

(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
Balance at beginning of year .....	\$2,745,632	\$2,336,313
Add		
Net income for the year .....	464,766	667,130
Excess of book value of shares of subsidiary companies over cost at date of acquisition transferred to retained earnings .....		175,880
	<u>3,210,398</u>	<u>3,179,323</u>
Deduct		
Cash dividends		
Class A preference shares .....	28,000	28,000
Class C shares .....	30,000	30,000
Common shares .....	83,441	83,441
	<u>141,441</u>	<u>141,441</u>
Stock dividends of 892,500 (in 1968 and 1969) Class B shares on Class C shares .....	178,500	178,500
	<u>319,941</u>	<u>319,941</u>
Tax paid on undistributed income .....	31,500	27,750
Goodwill, trademarks, patents and licences written off .....		86,000
Excess of cost of shares of subsidiary company acquired during the year over net book value at date of acquisition .....	54,407	
	<u>405,848</u>	<u>433,691</u>
Balance at end of year .....	<u>\$2,804,550</u>	<u>\$2,745,632</u>



## GREB INDUSTRIES LIMITED AND SUBSIDIARY COMPANIES

### CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended November 1, 1969  
(with comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
<b>Source of funds</b>		
Operations		
Net income for the year .....	\$ 464,766	\$ 667,130
Items not involving current funds		
Depreciation .....	388,577	315,205
Deferred income taxes .....	37,465	54,480
	<u>890,808</u>	<u>1,036,815</u>
Sale of fixed assets .....	11,654	18,681
Special refundable tax .....	4,846	22,175
Issue of 9% debentures, Series C .....	1,500,000	
Advances repaid by Metro Marine Limited .....		40,000
Increase in insurance policy loans .....		35,561
	<u>2,407,308</u>	<u>1,153,232</u>
<b>Application of funds</b>		
Additions to fixed assets .....	742,707	1,163,822
Dividends .....	319,941	319,941
Principal on long term debt, reclassified under current liabilities .....	179,000	104,000
Tax paid on undistributed income .....	31,500	27,750
Increase in life insurance, cash surrender value .....	7,889	7,994
Investment in subsidiary company, less net current assets acquired .....	93,227	
	<u>1,374,264</u>	<u>1,623,507</u>
<b>Increase (decrease) in working capital .....</b>	<b>1,033,044</b>	<b>(470,275)</b>
Working capital at beginning of year .....	<u>3,330,529</u>	<u>3,800,804</u>
Working capital at end of year .....	<u>\$4,363,573</u>	<u>\$3,330,529</u>



## GREB INDUSTRIES LIMITED AND SUBSIDIARY COMPANIES

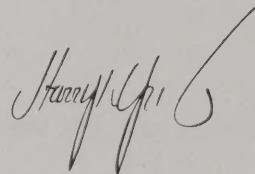
(Incorporated under the laws of Ontario)

### CONSOLIDATED BALANCE SHEET — NOVEMBER 1, 1969

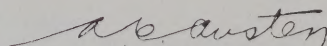
(with comparative figures at November 2, 1968)

ASSETS	<u>1969</u>	<u>1968</u>
<b>Current assets</b>		
Accounts receivable .....	\$ 5,921,225	\$ 5,266,108
Inventories		
Raw materials, at the lower of cost and replacement cost .....	1,760,782	1,640,615
Work in process, at the lower of cost and net realizable value .....	591,327	544,076
Finished goods, at the lower of cost and net realizable value .....	3,907,548	3,227,254
Prepaid expenses .....	148,007	136,222
	<u>12,328,889</u>	<u>10,814,275</u>
<b>Other assets</b>		
Special refundable tax .....		4,846
Life insurance, cash surrender value, less policy loans of \$144,839 .....	28,334	20,445
Investment in subsidiary company (note 1) .....	51,055	51,055
	<u>79,389</u>	<u>76,346</u>
<b>Fixed assets, at cost</b>		
Land .....	194,932	154,777
Buildings .....	2,860,383	2,730,922
Machinery and equipment .....	2,611,246	2,102,232
Dies, lasts and patterns .....	773,076	615,711
	<u>6,439,637</u>	<u>5,603,642</u>
Less accumulated depreciation .....	2,455,416	2,000,717
	<u>3,984,221</u>	<u>3,602,925</u>
	<u>\$16,392,499</u>	<u>\$14,493,546</u>

Approved by the Board



Director



Director



**LIABILITIES****1969****1968****Current liabilities**

Bank advances, against which receivables and inventories have been pledged .....	\$ 5,662,213	\$ 5,352,933
Accounts payable and accrued liabilities .....	1,924,664	1,508,410
Income and other taxes payable .....	127,579	446,543
Dividends payable .....	71,860	71,860
Principal due within one year on long term debt .....	179,000	104,000

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7,965,316

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7,483,746

Long term debt (note 2) .....	2,709,000	1,388,000
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Deferred income taxes (note 3) .....	357,133	319,668
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**SHAREHOLDERS' EQUITY**

Capital stock (note 4) .....	2,556,500	2,556,500
Retained earnings .....	2,804,550	2,745,632
	5,361,050	5,302,132

**Commitments (note 5)**

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\$16,392,499

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\$14,493,546



# GREB INDUSTRIES LIMITED AND SUBSIDIARY COMPANIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended November 1, 1969

### 1. Subsidiary companies and basis of consolidation

The subsidiary companies consolidated in these financial statements are Greb Shoes Limited, Greb Realty Limited, The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited, Bauer Canadian Skate, Inc., The Tebbutt Shoe and Leather Company (Limited) and Collins Safety Shoes Limited.

The accounts of Bauer Canadian Skate, Inc. have been converted into Canadian currency on the following basis: current assets, liabilities and operating accounts except depreciation, at a rate of exchange of \$1.0725 (\$1.0775 in 1968) and fixed assets and depreciation, at par of exchange.

As in prior years, the accounts of Metro Marine Limited, a controlled company, are not consolidated because its operations are dissimilar. The company's proportion of the profit of Metro Marine Limited for the year ended December 31, 1968 amounted to \$2,879 and the accumulated net profit since acquisition, which amounted to \$13,316, is not reflected in the company's financial statements.

### 2. Long term debt

	1969	1968
6¾% Secured sinking fund debentures, Series A, maturing November 15, 1981 .....	\$ 814,000	\$ 876,000
7% Secured sinking fund debentures, Series B, maturing November 15, 1981 .....	574,000	616,000
9% Secured sinking fund debentures, Series C, maturing May 15, 1989 .....	1,500,000	
	<u>2,888,000</u>	<u>1,492,000</u>
Less principal included in current liabilities ....	179,000	104,000
	<u>\$2,709,000</u>	<u>\$1,388,000</u>

Under provisions of the debenture trust deed and supplementary debenture trust deeds, the company is obligated to set aside amounts sufficient to retire out of sinking fund moneys, \$62,000 principal amount of Series A debentures and \$42,000 principal amount of Series B debentures, on November 15 in each year up to and including 1980 and \$75,000 principal amount of Series C debentures on May 15 in each of the years 1970 to 1988 inclusive.

Under provisions of the debenture trust deeds for Series A and Series B, the company may redeem the whole or any part of the Series A or Series B debentures outstanding up to November 15, 1981, at amounts varying from 110.50% to 100.00% of the principal amount redeemed. Under provisions of the debenture trust deeds for Series C, the company may redeem the whole or any part of the Series C debentures outstanding on or after May 15, 1974 and up to May 15, 1989, at amounts varying from 107.00% to 100.00% of the principal amount redeemed.

The debenture trust deeds contain certain restrictions relating to the payment of dividends.

### 3. Income taxes

The company charges earnings with income taxes currently payable and also with income taxes deferred due to claiming capital cost allowances in excess of depreciation recorded in the accounts. The accumulated total of such income tax deferments is reflected in the balance sheet as "Deferred income taxes".

### 4. Capital stock

#### Authorized

31,200 Class A preference shares, par value \$100 per share, issuable in series

6,875,880 Class B non-cumulative redeemable shares, par value 20c per share (after giving effect to the issue and redemption of 892,500 shares during the year)

716,500 Class C participating shares without par value convertible into an equal number of common shares

1,533,500 Common shares without par value

	1969	1968
Issued		
5,600 5% Cumulative redeemable Class A preference shares, first series .....	\$ 560,000	\$ 560,000
500,000 Class C shares	487,162	487,162
173,835 Common shares	1,509,338	1,509,338
	<u>\$2,556,500</u>	<u>\$2,556,500</u>

### 5. Commitments

The company has undertaken to contribute past service pension costs of \$26,972 per annum for eleven years, \$8,404 for a subsequent two years, and \$2,025 in the final year, which amounts will be charged against income as paid.

## AUDITORS' REPORT

To the Shareholders of Greb Industries Limited

We have examined the consolidated balance sheet of Greb Industries Limited and subsidiary companies as at November 1, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 1, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Kitchener, Ontario  
December 23, 1969

*Thorne, Gunn, Helliwell & Christenson*

Chartered Accountants



## 8 YEAR CONSOLIDATED OPERATING AND FINANCIAL REVIEW

Figures in thousands except per share data

Years ended	1969	1968	1967	1966	1965	1964	1963	1962
<b>Operating Results</b>								
Income before undernoted items .....	\$1,583	\$1,859	\$1,727	\$1,833	\$1,181	\$1,096	\$ 784	\$ 446
Depreciation .....	389	315	266	223	118	83	71	112
Interest on long term debt .....	146	112	116	122	81	85	22	17
Non regular operating expenses (income) .....	97	36	45	(21)	42	3	78	69
Income taxes .....	486	729	656	766	462	474	285	111
Net income .....	465	667	644	743	478	451	328	137
Total dividends declared .....	320	320	318	233	46	46	27	2

### Financial Position at Year End

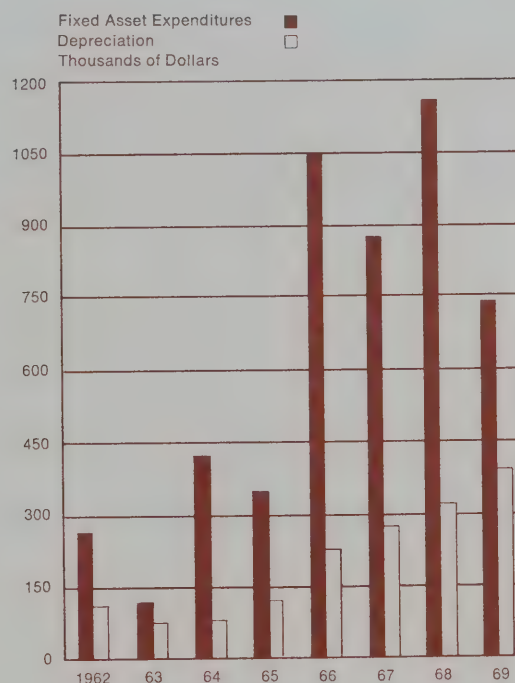
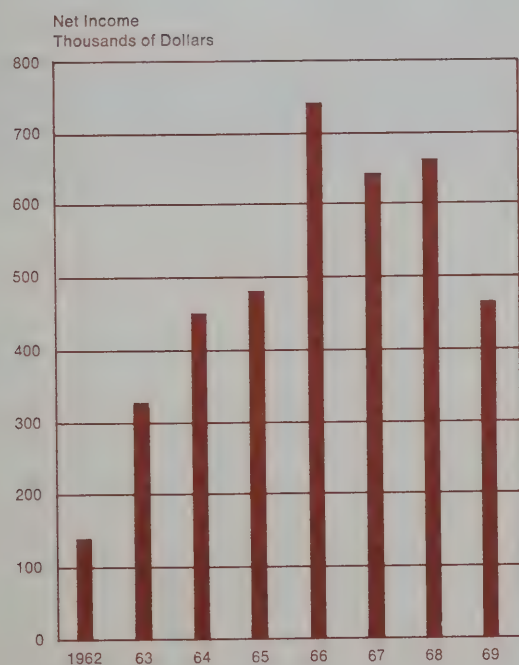
Working capital .....	\$4,364	\$3,331	\$3,801	\$4,060	\$2,958	\$1,648	\$1,568	\$ 307
Current ratio .....	1.55	1.45	1.60	1.82	1.62	1.70	1.83	1.14
Fixed assets (net) .....	3,984	3,603	2,773	2,169	1,379	907	570	536
Long term debt .....	2,709	1,388	1,492	1,596	1,700	1,154	1,154	258
Shareholders' equity — Class C and common .....	4,801	4,742	4,509	4,117	2,172	1,144	740	438
Shares outstanding — Class C and common .....	674	674	674	674	539	505	505	505

### Per Share in Dollars — Class C and Common

Net income .....	\$ .65	\$ .95	\$ .91	\$ 1.06	\$ .85	\$ .85	\$ .65	\$ .27
Dividends declared .....	.48	.48	.48	.33 $\frac{3}{4}$	.05	.05	.05	
Shareholders' equity .....	7.12	7.04	6.69	6.11	4.03	2.27	1.47	.86

The above 8 year review includes -

- The following companies from date of acquisition - The Western Shoe Company Limited, The Canada Skate Manufacturing Company Limited and Bauer Canadian Skate, Inc. as of October 29, 1965, The Tebbutt Shoe and Leather Company (Limited) as of October 31, 1966, and Collins Safety Shoes Limited as of June 18, 1969.
- Adjustment of shares outstanding to reflect a capital stock subdivision and reclassification into Class C and common on February 18, 1966.





### THE COMPANY AS AN ORGANIZATION

The human resources on which an organization relies have traditionally remained beyond the scope of its financial statements. Despite some recent, imaginative attempts to evaluate the "team structure" of personnel in financial terms, there is still no satisfactory formula for including this asset in a balance sheet. Nevertheless, in this Company the fact that it takes people to make things happen is clearly recognized.

In October '68 the first Communications Conference was organized by the Company, attended by some thirty of our middle-management personnel. The broad purpose was to stimulate thinking and communication among this group, and to provide its members with a heightened sense of participation and purpose. This helped to create an atmosphere favorable to the introduction during the past year of a program of "Management by Objectives". This program has progressively spread throughout the organization as a working system.

The year '70 began with a second Communications Conference. This was a concentrated, two-day study of the techniques of management, including "Management by Objectives", budgeting and cost control, and communication. Thus our management group is being equipped with better tools for the task of co-ordinating the total personnel resources toward the achievement of Company goals. This is considered an asset with both immediate and long-term benefits for your Company.

### KITCHENER ELECTRONIC DATA PROCESSING

Significant progress in matching the capabilities of the IBM 360 Model 30 computer to the requirements of the various Greb divisions was recorded during '69. The Company is now close to complete computerization of customer order processing from receipt of the order to invoicing — and even including credit letters to delinquent accounts. Production analysis and stock transfers are also processed electronically. Nearing completion is the computerization of marketing statistics.

### PRODUCTION SERVICES BUILDING

1969 saw a record total footwear pairage produced by Greb plants — well over two million pairs. This achievement generally reflects the more efficient and systematic procedures instituted during the year. For example, this was the first full year in which the benefits of sole pre-trimming for "Hush Puppies" — in association with automatic sole cutting — could be realized, due to the necessarily progressive introduction of thermo-plastic lasting. Sole cutting and pre-trimming is one of the centralized functions of the Production Services Plant. Materials storage and handling in this plant were also improved during the year.

### VULCANIZING PLANT

Thermo-plastic lasting — a contemporary method of fastening the leather "upper" of a shoe or boot to the insole with hot plastic adhesive instead of tacks — advanced in the vulcanizing plant in '69 to include toe or "fore-part" lasting. Originally introduced in "Hush Puppies" manufacture almost three years ago, thermo-plastic lasting helps to produce a superior product. In the case of boots, and especially the Kodiak insulated boot, it has the additional advantage of eliminating metal tacks which contributed to some heat loss from the wearer's foot.

### BAUER SHOE PLANT

Thermo-plastic lasting was also introduced in the manufacture of skate boots and athletic shoes in '69, contributing to an improved rate of production. In a plant where space is severely restricted, expanding production to meet rapidly rising sales demand for a variety of Bauer products is considered a noteworthy achievement of '69.

### BAUER SKATE PLANT

The Bauer tempering and metal fabricating plant set a distinguished record in '69: 30% increase in daily output rate with a staff increase of less than 5%. This has resulted from analysis of production flow and the application of engineering systems.





#### **WINNIPEG**

##### **MARKET STREET PLANT**

An additional floor of this industrial building in downtown Winnipeg, providing approximately 22,000 feet of space, was phased into production during the first quarter of '69. Equipped with a modern transporter system and other facilities, this section has been devoted principally to the manufacture of ladies' and men's Mohicans' lines, which accounted for a growing share of total Greb production during the year. This plant also produces all the Acme and MUKLUK footwear, plus all boots and shoes of Goodyear-welt construction.

#### **TROIS-RIVIERES**

##### **BONAVENTURE STREET PLANT**

The principal producer of men's "Hush Puppies", the Trois-Rivières plant achieved a 40% increase in daily pairage output rate during '69. This was accomplished with a 22.5% increase in personnel, installation of a transporter system, modernization of equipment and re-organization of the plant's limited space.



The most extensive advertising campaign yet undertaken for "Hush Puppies" by Greb was conducted in 1969. It consisted of full-page, full-color advertisements for men's and ladies' styles in mass circulation rotogravure magazines (English and French) in the Spring, and was climaxed by the insertion of a full-color catalogue of 18 men's styles and 18 women's styles, plus a selection of "Mohicans" styles, in the same media. Transit advertising was also employed using similar graphic treatment. Reprints of the catalogues were also inserted with each pair of "Hush Puppies" produced to emphasize the new selling theme: "Isn't it nice to have more than one pair?" The campaign attracted immediate response from consumers and is credited with establishing a new public impression of "Hush Puppies".

Two one-minute musical radio commercials were created to carry the "Hush Puppies" message to an age group — roughly set at between 18 and 25 years of age — which warrants special emphasis due to its significance in the overall population. The commercials conveyed a young, contemporary musical sound and appropriate radio stations were selected to carry them. It is difficult to measure effectiveness in this medium, especially for a message designed to create an impression over

a period of time; nevertheless, it is felt the long-term results will prove worthwhile. For a variety of reasons, television was not used in '69.

Bauer advertising in '69 included continued use of color-comic sections of major newspapers across Canada and in principal hockey regions of the U.S. In addition, a series of two advertisements directed to adults appeared in newspapers of the four major Canadian cities prior to Christmas.



**You've  
always said  
your kid  
will have all the advantages  
you never had.**

**So why not get him a pair  
of Bauer Skates?**

If you're a Dad now, we'll bet when your son goes out to play, it brings back memories of when you used to play hockey. Remember stuffing old magazines inside your stockings to take the sting out of those "lifers"? And you went out with your hand-me-down skates and old taped stick for a game of "shiny" on a little patch of ice in some kid's backyard. Or a frozen pond. (Whatever happened to frozen ponds?)

What happened is, there's now professional-sized hockey cushions. With organized little teams. Complete with "hubs" too. Full protective gear and a referee. The old "throw-together" games are a thing of the past. And in some way, it's kind of sad.

Anyway, the point is, to-day it's not a case of your son wanting the best hockey equipment, he needs it. And the prime thing is protection.

That's why Bauer Skates are designed with full boot lining of a special cut-proof nylon mesh, including the tendon guards. Added to this are crush-proof toe caps. Because some of those little guys really fire those shots. And we've added something your skates didn't have, safety heel guards on the blades that can be replaced in seconds during a game.

But the best part is, Bauer Skates' comfort and fit. Remember how halfway through a game, you'd find you were skating more on your ankles than the blades? Well, not with Bauer.

The tough top quality leathers used in the boots help them fit snugly, for good support.

Then the skate sections (those famous Bauer blades that stay sharper longer) are riveted to the boots so they won't loosen.

One last point. Why are we talking to Dad? Because Bauer has a complete line of hockey skates in all price ranges, including the pro model Supremes and the famous Black Panther Skates. And maybe your son wants a new pair so bad, but just can't bring himself to ask you. That's why we thought it wise to tip you off just before Christmas. What better time than right now to give your son some of the advantages you never had.



**bauer**  
Gibb Shoes Limited, Kitchener, Ontario



## PUBLIC RELATIONS

Community relations took a more prominent place in the Greb public relations program during 1969, and in this connection a Chamber of Commerce delegation from Trois-Rivières was assisted in its quest for information and guidance on industrial development. Other aspects of the program included such diverse activities as: outfitting the main cast of a new television series, "Adventures in Rainbow Country", with Greb Kodiak footwear; exhibiting Bauer products in the Sports Pavilion at "Man and His World"; publicity for Mukluk styles; and continuation of the Greb Hiking Bureau as a public service. The Company and its products were also represented at a variety of fashion shows, dog shows, sportsmen's shows and a rodeo.





## SALES PROMOTION

The new element of sales promotion most apparent to "Hush Puppies" customers in '69 was the box design based on a close-to-life-size portrait of the Greb Basset, "Velvet". This striking black-and-white design is fundamentally the same as that being adopted by all "Hush Puppies" licensees around the world, and is in direct contrast with the familiar colored boxes. Already the "Velvet" portrait has proven a favorite with children and a number of requests for extra box lids have been received.

Canadian consumers were constantly reminded of the variety of styles and colors of "Hush Puppies" by effective auxiliary use of the catalogues — which first appeared as rotogravure magazine inserts — as point-of-purchase literature. Over a million of these catalogues were distributed, either from counter-top dispensers in retail stores, or packed in shoe boxes. Window banners and other point-of-purchase material was adopted from transit advertising or the full-color advertisements.

Once again the Company's entire footwear line was displayed at the annual Canadian Shoe & Leather Fair at Montreal's Place Bonaventure in September, occupying one of the largest exhibits in the Fair.

For the fourth year running, Greb "Hush Puppies" men's casuals were selected to receive one of the style awards presented annually by the Leather Bureau of Canada.

Bauer's top model hockey skate box was also restyled in '69 with a full-color artwork treatment.









